

Agency Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	90.05	1.00	9.00	100.05	1.00	9.00	100.05	100.05
Personal Services	4,330,416	(161,085)	359,377	4,528,708	(160,584)	358,628	4,528,460	9,057,168
Operating Expenses	4,088,819	197,024	561,414	4,847,257	189,208	511,449	4,789,476	9,636,733
Equipment	0	0	0	0	0	0	0	0
Local Assistance	6,395,234	989,185	450,000	7,834,419	1,355,290	450,000	8,200,524	16,034,943
Grants	10,748,488	2,239,721	2,829,750	15,817,959	2,244,211	2,056,250	15,048,949	30,866,908
Benefits & Claims	19,921,785	8,936,000	0	28,857,785	11,170,000	0	31,091,785	59,949,570
Transfers	141,415,047	4,234,677	2,325,375	147,975,099	3,964,886	2,569,038	147,948,971	295,924,070
Total Costs	\$186,899,789	\$16,435,522	\$6,525,916	\$209,861,227	\$18,763,011	\$5,945,365	\$211,608,165	\$421,469,392
General Fund	140,778,703	4,512,592	5,445,788	150,737,083	4,425,825	4,930,889	150,135,417	300,872,500
State/Other Special	13,101,000	1,170,001	128,087	14,399,088	1,464,000	63,149	14,628,149	29,027,237
Federal Special	33,020,086	10,752,929	952,041	44,725,056	12,873,186	951,327	46,844,599	91,569,655
NonExpendable Trust	0	0	0	0	0	0	0	0
Total Funds	\$186,899,789	\$16,435,522	\$6,525,916	\$209,861,227	\$18,763,011	\$5,945,365	\$211,608,165	\$421,469,392

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Legislative Budget Analysis, E-75

Agency Issues

The "Shared Leadership for a Stronger Montana Economy" project has been a major focus of the Board of Regents and the university system. One of the essential objectives of shared leadership is to create a paradigm shift whereby state government will consider the university system as a partner in economic development rather than a driver of cost and expenditures.

The three prioritized initiatives of the Shared Leadership project are a primary focus of new proposals in first the executive budgets, both Martz and Schweitzer, and in the budget approved by the legislature for the Montana University System. The three shared leadership initiatives include:

- Promote/enhance access to postsecondary education
- Distance learning/online education
- Partnerships for workforce education and training

The legislature approved \$10.4 million of new proposals in the 2007 biennium that are related to the shared leadership initiatives. Figure 1 shows the evolution of funding for the shared leadership initiatives from the Martz budget, to the Schweitzer budget, and including the approved legislative budget.

Figure 1

Shared Leadership for a Stronger Montana Economy
Funding Reconciliation for Shared Leadership Initiatives -- By Decision Package and Program

Shared Leadership Initiatives	<u>Executive Budget Proposal (Martz)</u>		<u>Executive Budget Proposal (Schweitzer)</u>		<u>Legislative Budget Proposal</u>	
	Program and Decision Package (DP)	Proposed Funding 2007 Biennium	Program and Decision Package (DP)	Proposed Funding 2007 Biennium	Program and Decision Package [DP]	HB2 Funding 2007 Biennium
Promote/Enhance Access to Postsecondary Education	No Funding Proposals		<u>Program 02:</u> NP 101 - Need-based Student Aid NP 102 - Best and Brightest Scholarships <u>Program 11:</u> NP 103 - NonBene. Student Assistance NP 104 - Tribal College Equip/Indian Ed.	\$2,000,000 \$3,000,000 \$303,500 \$2,500,000	<u>Program 02:</u> NP 101 - Gov's Postsecondary Scholarships NP 1010 - Increase MHEG Financial Aid <u>Program 04:</u> NP 1000 - Comm.College Special Assist <u>Program 11:</u> NP 103 - NonBene. Student Assistance NP 104 - Tribal Coll. Equip/Indian Ed. NP 1002 - Add NonBene. Student Assistance	\$1,500,000 \$470,000 \$900,000 \$303,500 \$2,000,000 \$500,000
Distance Learning Online Education	<u>Program 09:</u> DP 51 - Distance Learning Initiative	\$1,000,000	No Funding Proposals		<u>Program 09:</u> NP 1011- Distance Learning Initiative	\$300,000
Workforce Training and Education	<u>Program 09:</u> DP 78 - Equipment for 2-year programs DP 8 - Extension Cropping Specialist DP 16 -Extension Livestock Specialist DP 60 - Develop 2-yr. Prog. Curriculum DP 61 - MT Tech E.D. Resource Ctr. DP 63 - Increase Healthcare Workers DP 66 - FSTS Add One Trainer DP 67 - AES Weed Mgmt. Biotech FTE DP 68 - Assist. Small Oil & Gas Oper. DP 69 - Coal/Coal-bed Methane Prog. <u>Program 01:</u> DP 40 - Business/E.D. Outreach DP 77 - Workforce Syst. Data Mgmt.	\$5,000,000 \$65,600 \$131,200 \$1,200,000 \$100,000 \$1,000,000 \$153,035 \$319,933 \$146,880 \$146,880 \$360,000 \$280,000	DP 78 - Equipment for 2-year programs	\$5,000,000	DP 78 - Equipment for 2-year programs	\$4,460,678
Total Funding		<u>\$9,903,528</u>		<u>\$12,803,500</u>		<u>\$10,434,178</u>

Executive Budget Comparison

The following table compares the legislative budget for the 2007 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2004	Executive Budget Fiscal 2006	Legislative Budget Fiscal 2006	Leg – Exec. Difference Fiscal 2006	Executive Budget Fiscal 2007	Legislative Budget Fiscal 2007	Leg – Exec. Difference Fiscal 2007	Biennium Difference Fiscal 06-07
FTE	90.05	100.55	100.05	(0.50)	100.55	100.05	(0.50)	
Personal Services	4,330,416	4,548,519	4,528,708	(19,811)	4,548,188	4,528,460	(19,728)	(39,539)
Operating Expenses	4,088,819	4,817,257	4,847,257	30,000	4,809,476	4,789,476	(20,000)	10,000
Equipment	0	0	0	0	0	0	0	0
Local Assistance	6,395,234	7,384,419	7,834,419	450,000	7,750,524	8,200,524	450,000	900,000
Grants	10,748,488	16,791,709	15,817,959	(973,750)	16,992,699	15,048,949	(1,943,750)	(2,917,500)
Benefits & Claims	19,921,785	28,857,785	28,857,785	0	31,091,785	31,091,785	0	0
Transfers	141,415,047	148,189,724	147,975,099	(214,625)	147,919,933	147,948,971	29,038	(185,587)
Total Costs	\$186,899,789	\$210,589,413	\$209,861,227	(\$728,186)	\$213,112,605	\$211,608,165	(\$1,504,440)	(\$2,232,626)
General Fund	140,778,703	151,608,857	150,737,083	(871,774)	151,737,891	150,135,417	(1,602,474)	(2,474,248)
State/Other Special	13,101,000	14,324,391	14,399,088	74,697	14,599,111	14,628,149	29,038	103,735
Federal Special	33,020,086	44,656,165	44,725,056	68,891	46,775,603	46,844,599	68,996	137,887
Non Expendable Trust	0	0	0	0	0	0	0	0
Total Funds	\$186,899,789	\$210,589,413	\$209,861,227	(\$728,186)	\$213,112,605	\$211,608,165	(\$1,504,440)	(\$2,232,626)

The legislature has adopted a 2007 biennium budget for the Montana University System that decreases general fund by \$2.5 million compared to the executive budget.

Compared to the base year, FY 2004, the legislative budget increases general fund by \$19.3 million in the 2007 biennium.

Figure 2 illustrates the total funding differences for all revenue sources between the executive budgets and the budget approved by the legislature, itemizing each decision package that represents a change from the proposed executive budget.

Figure 2
Montana University System 2007 Biennium Budget
House Bill 2 Reconciliation (Total Funding -- Includes All Revenue Sources)

As of April 2, 2005	Fiscal 2006	Fiscal 2007	2007 Biennium	Difference From Subcommittee	Difference From Schweitzer Budget
<u>Calculation of Executive Budget:</u>					
Fiscal Year 2004 Base	\$186,899,789	\$186,899,789	\$373,799,578		
Statewide Present Law Adjustments	6,024,261	5,012,729	11,036,990		
Other Present Law Adjustment	10,453,713	13,792,756	24,246,469		
Martz Present Law Budget	203,377,763	205,705,274	409,083,037		
Martz New Proposals	5,841,216	5,877,793	11,719,009		
Martz Total Budget	<u>\$209,218,979</u>	<u>\$211,583,067</u>	<u>\$420,802,046</u>	(\$3,808,718)	(\$2,899,972)
<u>Schweitzer Budget Changes:</u>					
Eliminate Shared Leadership Initiatives - Prog 01	(320,000)	(320,000)	(640,000)		
Need Based Student Aid - Prog 02	1,000,000	1,000,000	2,000,000		
Best and Brightest Student Aid - Prog 02	1,500,000	1,500,000	3,000,000		
Eliminate Shared Leadership Initiatives - Prog 09	(2,113,066)	(2,150,462)	(4,263,528)		
Enhancing Tribal Colleges - Prog 11	1,000,000	1,500,000	2,500,000		
Increase Non-Beneficiary Student Aid - Prog 11	303,500	0	303,500		
Total Changes	<u>\$1,370,434</u>	<u>\$1,529,538</u>	<u>\$2,899,972</u>		
Schweitzer Total Budget	<u>\$210,589,413</u>	<u>\$213,112,605</u>	<u>\$423,702,018</u>	(\$908,746)	\$0
<u>Subcommittee action:</u>					
Reduce OCHE Rent Increase - Prog 01	(25,000)	(25,000)	(50,000)		
Eliminate Statewide FTE Reduction - Prog 01	22,548	22,526	45,074		
Reduce Surplus from Need Based Aid - Prog 02	(500,000)		(500,000)		
Reduce Surplus from Best & Brightest - Prog 02	(990,000)	(480,000)	(1,470,000)		
MHEG Student Financial Aid (OTO) - Prog 02	470,000		470,000		
Community College Assistance (OTO) - Prog 04	450,000	450,000	900,000		
MT Conference on Race - Prog 06	50,000		50,000		
Federal Workforce Development Grant - Prog 08	112,500	112,500	225,000		
Distance Learning Initiative (OTO) - Prog 09	300,000		300,000		
Weed Management/Biotech Program - AES	79,983	79,983	159,966		
New Agent for Meagher County - Extension	35,103	35,103	70,206		
Livestock and Cropping Specialists - Extension	65,600	131,200	196,800		
Add Fire Services Trainer - FSTS	93,500	59,535	153,035		
Urban/Wildland Forest Management - FCES	100,000	100,000	200,000		
Coal/Coalbed Methane Program - Bureau	72,000	74,880	146,880		
Groundwater Assessment Program - Bureau	49,449	49,449	98,898		
Reduce Tribal College Equipment - Prog 11		(500,000)			
Increase NonBeneficiary Student Assist - Prog 11	500,000				
Reduce Student Loan FTE Request - Prog 12	(43,609)	(43,504)	(87,113)		
Total Changes	<u>\$842,074</u>	<u>\$66,672</u>	<u>\$908,746</u>		
SubcommitteeTotal Budget	<u>\$211,431,487</u>	<u>\$213,179,277</u>	<u>\$424,610,764</u>	\$0	\$908,746
<u>House Appropriations Committee Action:</u>					
Groundwater Assessment Program - Bureau	15,248	19,589	34,837		
Total Changes	<u>15,248</u>	<u>19,589</u>	<u>34,837</u>		
House Appropriations Committee Total Budget	<u>\$211,446,735</u>	<u>\$213,198,866</u>	<u>\$424,645,601</u>	\$34,837	\$943,583
<u>House Floor Action:</u>					
General Fund Reduction OCHE Admin - Prog 01	(50,000)	(50,000)	(100,000)		
Reduce Motorcycle Safety Training - Prog 09	(40,000)	(40,000)	(80,000)		
Total Changes	<u>(90,000)</u>	<u>(90,000)</u>	<u>(180,000)</u>		
House Committee As a Whole Total Budget	<u>\$211,356,735</u>	<u>\$213,108,866</u>	<u>\$424,465,601</u>	(\$180,000)	\$763,583
<u>Senate Finance Committee Action:</u>					
Reduce Gov's Postsecondary Scholars - Prog 02	(510,000)	(1,020,000)	(1,530,000)		
Reduce 2-Year Degree Program Equipment - Prog 09	(539,322)		(539,322)		
Eliminate Shared Leadership Positions - Prog 09	(411,083)	(445,598)	(856,681)		
Eliminate Meagher County Extension Agent - Prog 09	(35,103)	(35,103)	(70,206)		
Total Changes	<u>(1,495,508)</u>	<u>(1,500,701)</u>	<u>(2,996,209)</u>		
Senate Finance Committee Total Budget	<u>209,861,227</u>	<u>211,608,165</u>	<u>421,469,392</u>	(3,141,372)	(2,232,626)

The most significant differences between the executive and legislative budgets include:

- The legislature reduced \$1.97 million of general fund requested in the executive budget for the need-based aid and the best and brightest scholarship proposals (these two-year and four-year grant programs had been fully funded but will take two to four years to reach full spending capacity; therefore, the executive budget had a one-time-only funding surplus). The legislature reallocated this requested funding as follows:
 - \$900,000 for community college special assistance
 - \$300,000 for the distance learning initiative
 - \$470,000 for need-based student financial aid (MHEG program)

Agency Highlights

Montana University System Major Budget Highlights
<p>The legislative budget:</p> <ul style="list-style-type: none"> • Includes \$10.4 million general fund for new proposals related to the “Shared Leadership for a Stronger Montana Economy” initiatives • Increases funding for the Tribal College Assistance program a total of \$2.8 million in the 2007 biennium <ul style="list-style-type: none"> • Adds 10.00 FTE for programs in the Office of the Commissioner of Higher Education (OCHE) including: <ul style="list-style-type: none"> • 8.00 FTE in the federally funded Guaranteed Student Loan program • 1.00 FTE in the administration program to support the Shared Leadership initiatives through data warehouse management • Includes \$6.7 million of present law adjustment increases for moderate resident enrollment increases and operations costs at the university educational units, based upon a change to the state cost sharing formula that is increased from 43 percent to approximately 80 percent • Increases federal authority \$20 million to support anticipated growth in the loan volume of the Guaranteed Student Loan program • Increases federal authority \$3.3 million as new federal grants are anticipated for academic support programs in the Talent Search program • Increases community college assistance \$3.2 million general fund primarily due to projected enrollment increases

Agency Discussion

The impact of general fund and six-mill levy spending in the legislative budget is illustrated in Figure 3, which demonstrates the funding levels for each of the major functional areas in the Montana University System and shows the funding change from the executive budget and from the doubled 2004 base year in the 2005 biennium.

Figure 3
Montana University System
HB2 Legislative Budget - Biennial Comparison by Unit and Program
General Fund and Six Mill Levy Funding Only

Budget Item	Actual FY 2004 Base	2007 Bienium Legis. Budget	Biennial Difference 2005 to 2007 (2005 biennium equals double the base year)
<u>University Educational Units</u>	\$118,053,858	\$247,578,663	\$11,470,947
UM Missoula	37,818,253	75,636,506	\$0
MSU Bozeman	40,399,419	80,798,838	\$0
UM - Montana Tech	8,967,311	17,934,622	\$0
MSU Billings	14,306,972	28,613,944	\$0
MSU Northern	6,763,838	13,527,676	\$0
UM - Western	4,136,087	8,272,174	\$0
GF - College of Technology	3,398,184	6,796,368	\$0
Helena - College of Technology	2,263,794	4,527,588	\$0
Misc. Educational Unit Transfers	0	6,710,269	\$6,710,269
Distance Learning Initiative	0	300,000	300,000
Two-year Degree Prog. Equipment		4,460,678	4,460,678
<u>Community College Assistance</u>	\$6,292,234	\$15,814,943	\$3,230,475
Dawson Community College	1,136,572	3,229,405	956,261
Flathead Valley Community College	3,756,091	9,063,828	1,551,646
Miles Community College	1,399,571	3,521,710	722,568
<u>Tribal College Assistance</u>	\$0	\$2,900,000	\$2,900,000
Non-Beneficiary Student Assistance	0	900,000	900,000
Tribal College Programs	0	2,000,000	2,000,000
<u>Research/Public Service Agencies</u>	\$17,580,946	\$36,611,156	\$1,449,264
Agriculture Experiment Station	10,079,958	20,632,256	472,340
Extension Service	4,481,715	9,638,151	674,721
Bureau of Mines	1,581,899	3,238,669	74,871
Forestry/Conservation Exp. Station	925,839	1,940,055	88,377
Fire Service Training School	511,535	1,162,025	138,955
<u>Misc. Educational Unit Programs</u>	\$798,349	\$1,596,698	\$120,000
Family Practice Residency Program	319,366	638,732	0
Biobased Institute (AES)	200,000	400,000	0
Dental Hygiene Program (GF-COT)	235,000	470,000	0
MUS Marketing Initiative	43,983	87,966	0
Motorcycle Safety Training School *	200,000	520,000	120,000
<u>Student Grants/Assistance</u>	\$8,451,220	\$19,833,208	\$2,930,768
WICHE/WWAMI/MN Dental	4,646,666	10,254,100	960,768
Baker Grants	2,034,869	4,069,738	0
Montana Higher Ed. Grant Increase	0	470,000	470,000
State Work Study Program	862,989	1,725,978	0
Governor's Postsecondary Scholarships	0	1,500,000	1,500,000
State Match to Federal Grants	906,696	1,813,392	0
<u>Administration/Special Programs</u>	\$1,837,096	\$3,559,304	(\$114,888)
Board of Regents/OCHE	1,665,407	3,175,490	(155,324)
Talent Search	81,595	200,292	37,102
Workforce Development	90,094	183,522	3,334
Total General Fund/Six Mill Levy	<u>\$153,013,703</u>	<u>\$327,893,972</u>	<u>\$21,866,566</u>

* State Special Revenue Funds - Not included in totals (for informational purposes only)

General fund/six mill levy funding for the university educational units increases \$11.5 million, while university unit enrollment is projected to increase marginally. The increase can be attributed primarily to the legislature funding the present law and statewide adjustments at a formula rate of approximately 80 percent in the 2007 biennium, as opposed to the historical formula rate of 43 percent. The 80 percent formula adds about \$5 million to the budget above the 43 percent rate.

Community college enrollment is projected to increase at a rate of 15 percent in the 2007 biennium, while general fund spending is increased by \$3.2 million in the legislative budget.

In addition to the \$96,500 expended in FY 2005 (and not appearing the base year column of the table), the legislature increases Tribal College Assistance by \$2.8 million general fund, with a one-time-only equipment/Indian Education For All appropriation of \$2 million, a one-time-only increase to non-beneficiary student assistance of \$0.50 million, and an increase of \$0.30 million to the non-beneficiary student assistance base.

The professional education student exchange program increases almost 4 percent general fund, although two fewer student slots are funded, as tuition rates at the out-of-state colleges and universities continue to increase, driving the student support fee paid with general fund higher each year of the biennium.

Student financial assistance, both need-based and merit scholarships, are increased by \$1.97 million in the legislative budget for the 2007 biennium.

Funding for the Research/Public Service Agencies increases almost \$1.5 million in the legislative 2007 biennium budget, due almost exclusively to present law adjustments as there is only one new proposal package, a one-time-only increase to the Bureau of Mines and Geology.

Overall, the legislature increases general fund and six mill levy funding a total of \$25 million in the 2007 biennium budget over and above the doubled FY 2004 base year in the 2005 biennium budget for the university system.

Funding

The following figure summarizes funding for the agency, by program and source, as adopted by the legislature. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2007 Biennium Legislative Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
01 Administration Program	\$ 3,086,520	\$ 50,000	\$ -	\$ 3,136,520	0.74%
02 Student Assistance Program	19,833,208	-	451,546	20,284,754	4.81%
03 Improving Teacher Quality	-	-	725,892	725,892	0.17%
04 Community College Assistance	15,814,943	-	-	15,814,943	3.75%
06 Talent Search	200,292	50,000	6,210,061	6,460,353	1.53%
08 Work Force Development Pgm	183,522	-	12,419,602	12,603,124	2.99%
09 Appropriation Distribution	258,765,045	28,927,237	-	287,692,282	68.26%
11 Tribal College Assistance Pgm	2,900,000	-	-	2,900,000	0.69%
12 Guaranteed Student Loan Pgm	-	-	71,762,554	71,762,554	17.03%
13 Board Of Regents-Admin	88,970	-	-	88,970	0.02%
Grand Total	<u>\$ 300,872,500</u>	<u>\$ 29,027,237</u>	<u>\$ 91,569,655</u>	<u>\$ 421,469,392</u>	<u>100.00%</u>

Language

The legislature approved the following language for inclusion in HB2:

“Items designated as OCHE Administration (01), Student Assistance (02), Improving Teacher Quality (formerly Dwight D. Eisenhower) (03), Talent Search (06), C.D. Perkins (Workforce development) (08), Appropriation Distribution (Educational units) (09) [excluding items Agriculture Experiment Station, Extension Service, Forest and Conservation

Experiment Station, Bureau of Mines and Geology, Bureau Groundwater Program (OTO), Fire Services Training School, Institute for Biobased Products and Food Science @ AES, and New Extension Agent for Meagher County], Guaranteed Student Loan (12), and the Board of Regents (13) are a single biennial lump-sum appropriation.”

“General fund money and state and federal special revenue funds appropriated to the board of regents are included in all commissioner of higher education programs. All other public funds received by units of the Montana university system (other than plant funds appropriated in House Bill No. 5, relating to long-range building) are appropriated to the board of regents and may be expended under the provisions of 17-7-138(2). The board of regents shall allocate the appropriations to individual university system units, as defined in 17-7-102(13), according to board policy.”

“In addition to the requirements in 17-1-102(4), all university system units, except the office of the commissioner of higher education, shall account for expenditures consistently within programs and funds across all units and shall use the standards of accounting and reporting, as described by the national association of college and university business officers, as a minimum for achieving consistency.”

“The Montana university system, except the office of the commissioner of higher education and the community colleges, shall provide the office of budget and program planning and the legislative fiscal division banner access to the entire university system's banner information system, except for information pertaining to individual students or individual employees that is protected by Article II, sections 9 and 10, of the Montana constitution, 20-25-515, or the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. 1232g. The Montana university system shall provide the electronic data required for human resource data for the current unrestricted operating funds into the Montana Budgeting and Reporting System (MBARS). The salary and benefit data provided must reflect approved board of regents operating budgets.”

“The legislature encourages the Montana university system/commissioner of higher education to explore and establish partnerships with the department of public health and human services, including the temporary assistance for needy families (TANF) program, to ensure access to quality postsecondary education and training opportunities for families in Montana who would benefit from such training to help them move toward economic self-sufficiency. The Montana university system/commissioner of higher education shall submit a report to the next legislature, by January 1, 2007, addressing what these strategies were and the results of these partnership efforts.”

"The Montana university system shall prepare a plan for implementation of Indian education for all Montanans within the educational units of the university system and present this plan to the appropriate interim committee by July 31, 2006."

Program Legislative Budget

The following table summarizes the legislative budget proposal for the program by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	15.40	1.00	0.50	16.90	1.00	0.50	16.90	16.90
Personal Services	1,241,468	(56,412)	18,586	1,203,642	(56,354)	18,551	1,203,665	2,407,307
Operating Expenses	389,454	29,389	(43,586)	375,257	8,053	(43,551)	353,956	729,213
Total Costs	\$1,630,922	(\$27,023)	(\$25,000)	\$1,578,899	(\$48,301)	(\$25,000)	\$1,557,621	\$3,136,520
General Fund	1,630,922	(27,023)	(50,000)	1,553,899	(48,301)	(50,000)	1,532,621	3,086,520
State/Other Special	0	0	25,000	25,000	0	25,000	25,000	50,000
Total Funds	\$1,630,922	(\$27,023)	(\$25,000)	\$1,578,899	(\$48,301)	(\$25,000)	\$1,557,621	\$3,136,520

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Funding

The administration program has been funded exclusively with general fund, but starting in the 2007 biennium the legislature approved 0.50 FTE for the Family Education Savings program, which will be funded by state special revenue fees related to that program (see "New Proposals" below).

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				(60,700)					(60,513)
Vacancy Savings				(47,233)					(47,237)
Inflation/Deflation				(2,505)					(2,347)
Fixed Costs				(18,106)					(39,600)
Total Statewide Present Law Adjustments				(\$128,544)					(\$149,697)
DP 2 - Potential Rent Increase for OCHE (Restricted)	0.00	50,000	0	0	50,000	0.00	50,000	0	0
DP 3 - Data Warehouse Position - CHE	1.00	51,521	0	0	51,521	1.00	51,396	0	0
Total Other Present Law Adjustments	1.00	\$101,521	\$0	\$0	\$101,521	1.00	\$101,396	\$0	\$0
Grand Total All Present Law Adjustments				(\$27,023)					(\$48,301)

DP 2 - Potential Rent Increase for OCHE (Restricted) - The legislature approved funding for an expected rent increase for the Office of the Commissioner of Higher Education (OCHE). The commissioner has received notice from the building owners (Montana Higher Education Student Assistance Corporation) that they need the space OCHE occupies. Therefore, it is likely that during the 2007 biennium OCHE will be required to move into a higher rental cost facility. This appropriation is restricted to use only for increased rental costs and/or relocation and moving costs.

DP 3 - Data Warehouse Position - CHE - The legislature approved 1.00 FTE to the commissioner's office, funding this Data Warehouse Administrator position with general fund. This position is also intended to assist the Shared Leadership initiative on workforce system data collection and management.

New Proposals

New Proposals										
Program	FTE	-----Fiscal 2006-----				-----Fiscal 2007-----				Total Funds
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	
DP 1 - Family Education Savings Staff										
01	0.50	0	25,000		0 25,000	0.50	0	25,000	0	25,000
DP 99 - General Fund Reduction of OCHE Administration										
01	0.00	(50,000)		0	0 (50,000)	0.00	(50,000)		0	0 (50,000)
Total	0.50	(\$50,000)	\$25,000		\$0 (\$25,000)*	0.50	(\$50,000)	\$25,000	\$0	(\$25,000)*

DP 1 - Family Education Savings Staff - The legislature approved 0.50 FTE, funded by state special revenue, for administrative staff to support the Family Education Savings program, which the legislature authorized and the Regents have been operating for 5 years without dedicated staff. The program has more than 10,000 accounts with more than \$100 million on deposit.

DP 99 - General Fund Reduction of OCHE Administration - The legislature approved a general fund reduction of \$50,000 per year, for a total reduction of \$100,000 in the 2007 biennium, in the administration program of the Office of the Commissioner of Higher Education.

Language

The legislature approved the following language for inclusion in HB2:

"Potential Rent Increase funding is restricted for expenditure only in the event of a relocation and only if a rent increase actually occurs and may be used only for increased rent and/or relocation and moving costs."

Program Legislative Budget

The following table summarizes the legislative budget proposal for the program by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Local Assistance	103,000	5,000	0	108,000	9,000	0	112,000	220,000
Grants	8,537,206	397,555	970,000	9,904,761	622,787	1,000,000	10,159,993	20,064,754
Total Costs	\$8,640,206	\$402,555	\$970,000	\$10,012,761	\$631,787	\$1,000,000	\$10,271,993	\$20,284,754
General Fund	8,451,220	365,768	970,000	9,786,988	595,000	1,000,000	10,046,220	19,833,208
Federal Special	188,986	36,787	0	225,773	36,787	0	225,773	451,546
Total Funds	\$8,640,206	\$402,555	\$970,000	\$10,012,761	\$631,787	\$1,000,000	\$10,271,993	\$20,284,754

Page Reference

Legislative Budget Analysis, E-94

Funding

Funding for student assistance programs is included in the lump sum appropriation for the Montana University System (MUS). The funding is 98 percent general fund with 2 percent federal funding match programs.

There are two distinct components to the student assistance program:

- The grant, loan, and work study programs that are based upon financial need-based criteria as well as a new merit-based scholarship program
- The interstate student exchange and the professional education assistance programs for Montana resident students

The legislature approved an overall increase of 25.8 percent in the grant, loan and work study programs, including a general fund increase of \$2.00 million, in the 2007 biennium. Federal match funding increased 9 percent. The table below demonstrates the legislative budget for the student assistance program, including a comparison between the 2005 and the 2007 biennia.

Figure 3 Student Assistance - State/Federal Grant and Work Study Programs Legislative Budget -- Fiscal Year 2004 through Year 2007					
Grant Program	Actual FY 2004	Op Plan FY 2005	HB 2 FY 2006	HB 2 FY 2007	Biennial % Change
<u>Funded with State General Fund:</u>					
Baker Grants	\$2,034,870	\$2,035,067	\$2,034,869	\$2,034,869	0.0%
MT Higher Education Grant (MHEG)	229,422	229,422	229,422	229,422	0.0%
Special MHEG Increase (OTO)	0	0	470,000	0	
SEOG *	527,401	537,564	527,401	527,401	-1.0%
Perkins Loan *	149,873	149,576	149,873	149,873	0.1%
State Work Study	862,989	803,322	862,989	862,989	3.6%
Subtotal State Funds	<u>\$3,804,555</u>	<u>\$3,754,951</u>	<u>\$4,274,554</u>	<u>\$3,804,554</u>	<u>6.9%</u>
<u>New State General Fund Programs:</u>					
Governor's Postsecondary Scholarships	\$0	\$0	\$500,000	\$1,000,000	100%
Subtotal New State Programs	<u>\$0</u>	<u>\$0</u>	<u>\$500,000</u>	<u>\$1,000,000</u>	<u>100%</u>
<u>Federal Matching Funds:</u>					
SLEAP Grant Program (Baker Match)	72,628	136,578	\$136,578	\$136,578	
LEAP Grant Program (MHEG Match)	116,358	89,195	\$89,195	\$89,195	
Subtotal Federal Funds	<u>\$188,986</u>	<u>\$225,773</u>	<u>\$225,773</u>	<u>\$225,773</u>	<u>8.9%</u>
Total Funds	<u>\$3,993,541</u>	<u>\$3,980,724</u>	<u>\$5,000,327</u>	<u>\$5,030,327</u>	<u>25.8%</u>
* Represents the state match. The federal matching funds are distributed directly to university campuses.					

The new Governor's Postsecondary Scholarship Program, illustrated in the table and funded with \$1.5 million general fund in the 2007 biennium, represents the HB2 appropriation for a statutory program that would be created by HB 435, which is pending in the 2005 legislative session.

The legislature has increased funding for the interstate professional education student assistance program, known as WICHE/WWAMI/MN Dental, by almost \$1 million general fund in the 2007 biennium. This cost increase is driven by the higher tuition rates at the medical and dental schools participating in the program. The number of student slots funded by the legislature decreased by two in comparison to the 2005 biennium. The table below illustrates the legislative budget for the professional education student assistance program.

Figure 4
2007 Biennium Legislative Budget (General Fund)
WICHE/WWAMI/MN Dental Professional Student Exchange Program

PROGRAM	FISCAL YEAR 2006						FISCAL YEAR 2007					
	State Cost Per Slot	New		Continuing		Total	State Cost Per Slot	New		Continuing		Total
		Students	Cost	Students	Cost			Students	Cost	Students	Cost	
WICHE												
Administrative Dues						\$108,000						\$112,000
Professional Student Assistance:												
Medicine	\$25,100	6	\$150,600	19	\$476,900	\$627,500	\$25,600	6	\$153,600	20	\$512,000	\$665,600
Osteopathic Medicine	16,600	2	33,200	4	66,400	99,600	17,000	1	17,000	5	85,000	102,000
Dentistry	19,500	1	19,500	2	39,000	58,500	19,900	1	19,900	3	59,700	79,600
Veterinary Medicine	24,900	9	224,100	27	672,300	896,400	25,400	9	228,600	27	685,800	914,400
Podiatry	11,600	1	11,600	0	0	11,600	11,900	0	0	1	11,900	11,900
Optometry	13,300	1	13,300	3	39,900	53,200	13,600	1	13,600	3	40,800	54,400
Public Health	6,300	1	6,300	0	0	6,300	6,500	1	6,500	1	6,500	13,000
Occupational Therapy	9,200	1	9,200	1	15,334	24,534	9,400	1	9,400	1	15,666	25,066
(Includes 1 continuing @ clinical rate FY 06 \$15,334; FY 07 \$15,666)												
Subtotal		22	\$467,800	56	\$1,309,834	\$1,885,634		20	\$448,600	61	\$1,417,366	\$1,977,966
MINNESOTA DENTAL	19,500	2	39,000	6	117,000	156,000	19,900	2	39,800	6	119,400	159,200
WWAMI	53,567	20	0	60	3,214,000	2,970,800	55,173	20	0	60	3,310,400	3,104,500
TOTAL WICHE/WWAMI/MN		44	\$506,800	122	\$4,640,834	\$5,012,434		42	\$488,400	127	\$4,847,166	\$5,241,666

WICHE is the Western Interstate Commission on Higher Education program, which provides educational opportunities for Montana students in medical and health-related fields not available in Montana. WWAMI is the Washington, Wyoming, Alaska, Montana, Idaho program, a cooperative agreement with the University of Washington School of Medicine providing medical education opportunities for Montana students. MN Dental is a cooperative agreement with the University of Minnesota School of Dentistry that provides dental education opportunities for Montana students.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----						-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 4 - WWAMI/WICHE/MN Dental (Restricted)			0	0	365,768	0.00	595,000	0	0	595,000
DP 21 - Additional Federal Funds for Student Assistance			0	36,787	36,787	0.00	0	0	36,787	36,787
Total Other Present Law Adjustments			\$0	\$36,787	\$402,555	0.00	\$595,000	\$0	\$36,787	\$631,787
Grand Total All Present Law Adjustments				\$402,555						\$631,787

DP 4 - WWAMI/WICHE/MN Dental (Restricted) - The legislature added \$0.96 million general fund authority in the 2007 biennium to fund both new and continuing student slots at the increased tuition levels for the WICHE, WWAMI and MN Dental professional student exchange programs. Any unspent funds for the professional student exchange program are restricted to use only for other Program 02 student assistance programs.

DP 21 - Additional Federal Funds for Student Assistance - The legislature added \$73,574 additional federal authority in the 2007 biennium for anticipated increases in federal funds for student grants. These funds will be used as the federal match portion in the state matched Baker Grant program.

New Proposals

New Proposals											
-----Fiscal 2006-----						-----Fiscal 2007-----					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 101 - Governor's Postsecondary Scholarship Program											
02	0.00	500,000		0	0	500,000	0.00	1,000,000	0	0	1,000,000
DP 1010 - Increase MHEG Student Financial Aid (OTO)											
02	0.00	470,000		0	0	470,000	0.00	0	0	0	0
Total	0.00	\$970,000		\$0	\$0	\$970,000	0.00	\$1,000,000	\$0	\$0	\$1,000,000

DP 101 - Governor's Postsecondary Scholarship Program - The legislature approved \$1.5 million general fund in the 2007 biennium for need-based student assistance grants for students attending two-year degree programs of the Montana University System (including educational units, community colleges, and tribal community colleges). This appropriation is contingent upon passage and approval of HB 435, the Governor's Postsecondary Scholarship Program.

DP 1010 - Increase MHEG Student Financial Aid (OTO) - The legislature approved \$470,000 general fund in the 2007 biennium for an additional appropriation to the Montana Higher Education Grant (MHEG) program in the Student Assistance Program of the Commissioner of Higher Education. This is a biennial, one-time-only appropriation.

Language

The legislature approved the following language for inclusion in HB2:

"WICHE/WWAMI/MN Dental Program is restricted such that any surplus funding may be transferred only to other student financial aid programs in Program 02."

"Governor's Postsecondary Scholarship Program is contingent upon passage and approval of House Bill No. 435."

Program Legislative Budget

The following table summarizes the legislative budget proposal for the program by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	17,462	(17,462)	0	0	(17,462)	0	0	0
Operating Expenses	0	0	0	0	0	0	0	0
Grants	277,667	85,279	0	362,946	85,279	0	362,946	725,892
Total Costs	\$295,129	\$67,817	\$0	\$362,946	\$67,817	\$0	\$362,946	\$725,892
Federal Special	295,129	67,817	0	362,946	67,817	0	362,946	725,892
Total Funds	\$295,129	\$67,817	\$0	\$362,946	\$67,817	\$0	\$362,946	\$725,892

Page Reference

Legislative Budget Analysis, E-104

Funding

Funding for this program is entirely from the federal Improving Teacher Quality grant (formerly the DDE Mathematics and Science Education Act). There is no state funding match required by the federal grant.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				(17,462)					(17,462)
Total Statewide Present Law Adjustments				(\$17,462)					(\$17,462)
DP 22 - Incr. Improving Teacher Quality Grants	0.00	0	0	85,279	0.00	0	0	85,279	85,279
Total Other Present Law Adjustments	0.00	\$0	\$0	\$85,279	0.00	\$0	\$0	\$85,279	\$85,279
Grand Total All Present Law Adjustments				\$67,817					\$67,817

DP 22 - Incr. Improving Teacher Quality Grants - The legislature added \$170,558 of federal funding authority in the 2007 biennium for anticipated grants to support programs that improve K-12 teacher quality. The increase would allow the Office of the Commissioner of Higher Education to fully expend the anticipated amount of this federal grant each year of the 2007 biennium.

Program Legislative Budget

The following table summarizes the legislative budget proposal for the program by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Local Assistance	6,292,234	984,185	450,000	7,726,419	1,346,290	450,000	8,088,524	15,814,943
Total Costs	\$6,292,234	\$984,185	\$450,000	\$7,726,419	\$1,346,290	\$450,000	\$8,088,524	\$15,814,943
General Fund	6,292,234	984,185	450,000	7,726,419	1,346,290	450,000	8,088,524	15,814,943
Total Funds	\$6,292,234	\$984,185	\$450,000	\$7,726,419	\$1,346,290	\$450,000	\$8,088,524	\$15,814,943

Page Reference

Legislative Budget Analysis, E-106

Funding

The Community College Assistance program is entirely general fund.

Program Discussion

Title 20, Chapter 15, part 3, MCA defines the financing of Montana community colleges. The general operating budgets of the community colleges are funded from a state general fund appropriation, student tuition and fees, a mandatory property tax levy, an optional voted levy, and other miscellaneous revenue funds. Only the state general fund is appropriated in HB2.

The legislature approved the general fund portion of the 2007 biennium budget as shown in the figure below, which uses a formula based upon student enrollment projections, the estimated annual cost of education per student FTE, and the state percentage share of that cost.

Community College Assistance Program 2007 Biennium Legislative Budget - General Fund								
Budget Item	Fiscal Year 2006				Fiscal Year 2007			
	Flathead	Valley	Miles	Total	Flathead	Valley	Miles	Total
Projected Resident Student FTE	515	1,550	566	2,631	545	1,625	600	2,770
Total \$ per FTE (Cost of Education)	\$5,203	\$5,203	\$5,203	\$5,203	\$5,203	\$5,203	\$5,203	\$5,203
State % of Cost of Education	53%	53%	53%	53%	53%	53%	53%	53%
State \$ per FTE	\$2,758	\$2,758	\$2,758	\$2,758	\$2,758	\$2,758	\$2,758	\$2,758
Calculated Budget Cost	<u>\$1,420,159</u>	<u>\$4,274,265</u>	<u>\$1,560,796</u>	<u>\$7,255,219</u>	<u>\$1,502,887</u>	<u>\$4,481,084</u>	<u>\$1,654,554</u>	<u>\$7,638,524</u>
Plus State share of Audit**	6,360	8,480	6,360	21,200	0	0	0	0
Special Funding Assistance (OTO)	150,000	150,000	150,000		150,000	150,000	150,000	
Total Legislative Budget	<u>\$1,576,519</u>	<u>\$4,432,745</u>	<u>\$1,717,156</u>	<u>\$7,726,419</u>	<u>\$1,652,887</u>	<u>\$4,631,084</u>	<u>\$1,804,554</u>	<u>\$8,088,524</u>
** Biennial appropriation								

The legislature accepted student enrollment projections of 2631 FTE for FY 2006 and 2770 FTE for FY 2007. The legislature approved an estimated annual cost of education per student FTE of \$5,203 and approved the state percentage share of that cost at 53 percent for the 2007 biennium.

The legislature also approved a one-time-only special funding assistance appropriation of \$900,000 general fund for the community colleges. This appropriation was made in a block grant as the legislature expressed concerns about the cost of education per student factor that is used in the community college funding formula (see DP 1000 and "Language" below).

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----						-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5 - Resident Enrollment Growth--Community Colleges	0.00	984,185	0	0	984,185	0.00	1,346,290	0	0	1,346,290
Total Other Present Law Adjustments	0.00	\$984,185	\$0	\$0	\$984,185	0.00	\$1,346,290	\$0	\$0	\$1,346,290
Grand Total All Present Law Adjustments					\$984,185					\$1,346,290

DP 5 - Resident Enrollment Growth--Community Colleges - The legislature annualized the state share of the pay plan and inflation factors, continued the August 2002 Special Session reductions as part of the cost of education calculation, and updated resident enrollment with growth projections for the 2007 biennium, increasing the general fund for community college assistance by a total of \$2.3 million.

New Proposals

New Proposals										
-----Fiscal 2006-----						-----Fiscal 2007-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1000 - Community College Assistance Special Funding - OTO										
04	0.00	450,000	0	0	450,000	0.00	450,000	0	0	450,000
Total	0.00	\$450,000	\$0	\$0	\$450,000*	0.00	\$450,000	\$0	\$0	\$450,000*

DP 1000 - Community College Assistance Special Funding - OTO - The legislature approved \$900,000 general fund in the 2007 biennium for community college assistance that is to be allocated equally (\$300,000 each college) across the three community college campuses (Dawson, Flathead Valley, and Miles). This special funding assistance is a biennial, one-time-only (OTO) appropriation. The legislature approved this funding together with a request that the Legislative Finance Committee (LFC) make it a high priority to look at the community college funding formula and statutes, and report to the 2007 legislature on recalibrating the cost of education per student factor and other funding issues.

Language

The legislature approved the following language for inclusion in HB2:

“The budget amount for each full-time equivalent student at the community colleges, including Summitnet, is \$5,203 each year of the 2007 biennium. The general fund appropriation for Community College Assistance provides 53% of the budget amount for each full-time equivalent student each year of the 2007 biennium. The remaining 47% of the budget amount for each full-time equivalent student must be paid from funds other than those appropriated for Community College Assistance.”

“The general fund appropriation for Community College Assistance is calculated to fund education in the community colleges for an estimated 2,631 resident FTE students in fiscal year 2006 and 2,770 in fiscal year 2007. If total resident FTE student enrollment in the community colleges is greater than the estimated number for the biennium, the community colleges shall serve the additional students without a state general fund contribution. If actual resident FTE student enrollment is less than the estimated numbers for the biennium, the commissioner of higher education shall revert general fund money to the state in accordance with 17-7-142.”

“Total Summitnet costs are estimated to be \$25,000 each year for the community colleges. Summitnet costs charged to the community colleges for each year may not exceed \$8,000 each for Dawson and Miles community colleges and \$9,000 for Flathead Valley community college.”

"Total audit costs are estimated to be \$40,000 for the community colleges for the biennium. The general fund appropriation for each community college provides 53% of the total audit costs in the 2007 biennium. The remaining 47% of these costs must be paid from funds other than those appropriated for OCHE--Community College Assistance--Legislative Audit. Audit costs charged to the community colleges for the biennium may not exceed \$12,500 each for Dawson and Miles community colleges and \$15,000 for Flathead Valley community college."

“Community College Assistance Special Funding is appropriated as a block grant allocation, rather than following the standard three-factor funding formula, because the legislature has concerns about the cost of education factor. The legislature requests that the legislative finance committee make it a high priority to look at the community college funding formula and statutes and report to the 2007 legislature on recalibrating the cost of education factor and other funding issues.”

Page Reference

Legislative Budget Analysis, E-112

Funding

The group health and flexible spending program is an enterprise fund in which the funding sources include:

1. Employer-paid contribution toward insurance premiums
2. Employee-paid contribution toward insurance premiums
3. Employee payments to flexible spending accounts
4. Interest earnings of the program fund

The self-funded workers compensation program is an enterprise fund in which the funding sources include:

1. Employer-paid premiums
2. Interest earnings of the program reserve fund

Funding for all the MUS Group Insurance Programs is approved, together with the program rates, as part of HB 576.

Proprietary Rates**Proprietary Program Description**

The Board of Regents provides faculty and staff with group benefits through the Montana University System (MUS) Group Insurance Program, which includes a Flexible Spending Account option. The commissioner is authorized by Board of Regents' policy to administer the program as a self-insured, group insurance plan. All university system employees, retirees, and eligible dependents are offered medical, dental, vision, and group life insurance, as well as long-term disability and long-term care benefits.

Starting in FY 2004, the Office of the Commissioner of Higher Education (OCHE) launched a self-funded workers compensation program that provides coverage for the entire MUS, covering all employees of all units and programs. The self-funded program was established with a \$2 million reserve that was raised through a revenue bond with a five-year payoff schedule that is built into the premiums charged to each employer unit.

Proprietary Rate Explanation

The legislature has defined the rates and fees for the MUS employee group health and flexible spending benefits program to mean the state contribution and the employee contribution toward employee group benefits that is necessary to maintain the benefit plan on an actuarially sound basis. Starting in calendar year 2005, the annual state contribution available per employee is \$5,520, while the average insurance premium for an individual MUS employee is \$5,481, depending upon the various plan options selected. Insurance premiums for MUS employees with spouse and children average \$7,581 annually, again depending upon the various plans and options offered. This amount is \$2,061 more per year than the state contribution.

Employee premiums depend on the plan selected and whether the contributor is a current employee, an employee dependent, or a retiree. Payments to a flexible spending account are at the discretion of the employee, subject to a \$10 monthly minimum for those who choose to enroll.

The projected number of employees and retirees who will participate in the MUS Group Insurance Program during the 2007 biennium is 7,916. The projected revenue totals assume funding by the legislature of the benefits component of the executive pay plan proposal (HB 447), which is effective on July 1 for the MUS rather than January 1 for the state plan.

The rates and fees for the workers compensation program are defined as those premiums charged to the employer units of the Montana University System that are necessary to fund the operations and the claims payment obligations. For FY 2006 the total premium fees are \$3.2 million and in FY 2007 the total premium fees are \$3.5 million. This amount represents an increase of 32 percent from FY 2004 to FY 2006 and another 10 percent in FY 2007.

Program Legislative Budget

The following table summarizes the legislative budget proposal for the program by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	20.45	0.00	0.50	20.95	0.00	0.50	20.95	20.95
Personal Services	889,445	(34,199)	28,800	884,046	(34,204)	28,813	884,054	1,768,100
Operating Expenses	413,419	105,456	50,000	568,875	106,308	0	519,727	1,088,602
Grants	(326,090)	1,580,766	0	1,254,676	1,580,663	0	1,254,573	2,509,249
Transfers	547,201	0	0	547,201	0	0	547,201	1,094,402
Total Costs	\$1,523,975	\$1,652,023	\$78,800	\$3,254,798	\$1,652,767	\$28,813	\$3,205,555	\$6,460,353
General Fund	81,595	18,166	0	99,761	18,936	0	100,531	200,292
State/Other Special	0	0	50,000	50,000	0	0	0	50,000
Federal Special	1,442,380	1,633,857	28,800	3,105,037	1,633,831	28,813	3,105,024	6,210,061
Total Funds	\$1,523,975	\$1,652,023	\$78,800	\$3,254,798	\$1,652,767	\$28,813	\$3,205,555	\$6,460,353

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Funding

This program is comprised of three subprograms that are funded as follows:

- The Talent Search subprogram is funded entirely with federal funds, with no state funding match requirements
- The GEAR UP subprogram is funded entirely with federal funds, which includes a fifty percent non-federal match requirement. That match is provided through allowable in-kind services
- The Minority Achievement subprogram has been funded entirely with general fund since 1991, but the legislature approved \$50,000 state special revenue in the 2007 biennium to fund the Montana Conference on Race. Revenue from conference fees will be used to fund the conference expenditures (see NP 1001 below).

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----						-----Fiscal 2007-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,434					1,432
Vacancy Savings					(35,633)					(35,636)
Inflation/Deflation					(346)					(332)
Fixed Costs					12,462					18,849
Total Statewide Present Law Adjustments					(\$22,083)					(\$15,687)
DP 23 - Increase Federal Talent Search Grant Funds										
	0.00	0	0	93,340	93,340	0.00	0	0	87,791	87,791
DP 24 - Increase Federal GEAR-UP Grant Funds										
	0.00	0	0	1,580,766	1,580,766	0.00	0	0	1,580,663	1,580,663
Total Other Present Law Adjustments	0.00	\$0	\$0	\$1,674,106	\$1,674,106	0.00	\$0	\$0	\$1,668,454	\$1,668,454
Grand Total All Present Law Adjustments					\$1,652,023					\$1,652,767

DP 23 - Increase Federal Talent Search Grant Funds - The legislature added \$181,131 federal authority in the 2007 biennium to allow the Office of the Commissioner of Higher Education (OCHE) to fully expend the anticipated amount of this federal grant each year of the 2007 biennium.

DP 24 - Increase Federal GEAR-UP Grant Funds - The legislature added \$3,161,429 federal authority in the 2007 biennium to allow the Office of the Commissioner of Higher Education to fully expend the anticipated amount of this federal grant each year of the 2007 biennium.

New Proposals

New Proposals										
-----Fiscal 2006-----						-----Fiscal 2007-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 20 - Add 0.50 FTE Accountant for GEAR-UP Grant										
06	0.50	0	0	28,800	28,800	0.50	0	0	28,813	28,813
DP 1001 - Montana Conference on Race (Biennial)										
06	0.00	0	50,000	0	50,000	0.00	0	0	0	0
Total	0.50	\$0	\$50,000	\$28,800	\$78,800*	0.50	\$0	\$0	\$28,813	\$28,813*

DP 20 - Add 0.50 FTE Accountant for GEAR-UP Grant - The legislature added 0.50 FTE to be funded from the federal GEAR-UP grant for an accountant to assist with program financial management.

DP 1001 - Montana Conference on Race (Biennial) - The legislature approved \$50,000 state special revenue as a biennial appropriation so that the Commissioner of Higher Education could sponsor a Montana Conference on Race. Revenue source will be the conference fees, which will be used to fund conference related expenditures.

Program Legislative Budget

The following table summarizes the legislative budget proposal for the program by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	5.00	0.00	0.00	5.00	0.00	0.00	5.00	5.00
Personal Services	243,674	25,000	1,250	269,924	24,457	1,250	269,381	539,305
Operating Expenses	101,552	537	55,000	157,089	2,913	55,000	159,465	316,554
Grants	2,259,705	79,621	56,250	2,395,576	(44,518)	56,250	2,271,437	4,667,013
Transfers	3,540,126	0	0	3,540,126	0	0	3,540,126	7,080,252
Total Costs	\$6,145,057	\$105,158	\$112,500	\$6,362,715	(\$17,148)	\$112,500	\$6,240,409	\$12,603,124
General Fund	90,094	320	0	90,414	3,014	0	93,108	183,522
Federal Special	6,054,963	104,838	112,500	6,272,301	(20,162)	112,500	6,147,301	12,419,602
Total Funds	\$6,145,057	\$105,158	\$112,500	\$6,362,715	(\$17,148)	\$112,500	\$6,240,409	\$12,603,124

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Funding

The Carl Perkins grant requires a general fund match for the administrative costs of the program; all other funding is from the federal grants.

The federal Carl D. Perkins Vocational and Applied Technology Education Act funds vocational education (career training and technical education) at the secondary and post secondary levels, including:

- Carl Perkins formula and competitive grants, which fund equipment, faculty, and other support directly to vocational education programs in two-year postsecondary institutions
- Tech Prep Grants, which are allocated across five regions in Montana to support planning, collaboration, and integration of the vocational education infrastructure and curricula at the secondary and postsecondary institutions in each region

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----						-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					36,195					35,628
Vacancy Savings					(11,195)					(11,171)
Inflation/Deflation					(104)					(101)
Fixed Costs					641					3,014
Total Statewide Present Law Adjustments					\$25,537					\$27,370
DP 25 - Increase Federal Carl Perkins Grant Funds										
	0.00	0	0	79,621	79,621	0.00	0	0	(44,518)	(44,518)
Total Other Present Law Adjustments	0.00	\$0	\$0	\$79,621	\$79,621	0.00	\$0	\$0	(\$44,518)	(\$44,518)
Grand Total All Present Law Adjustments					\$105,158					(\$17,148)

DP 25 - Increase Federal Carl Perkins Grant Funds - The legislature increased federal authority in the 2007 biennium to allow the Office of the Commissioner of Higher Education (OCHE) to fully expend the anticipated amount of this grant, which includes an incentive grant awarded during the 2005 biennium.

New Proposals

New Proposals										
-----Fiscal 2006-----						-----Fiscal 2007-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1050 - Increase Federal Authority - Perkins Incentive										
08	0.00	0	0	112,500	112,500	0.00	0	0	112,500	112,500
Total	0.00	\$0	\$0	\$112,500	\$112,500*	0.00	\$0	\$0	\$112,500	\$112,500*

DP 1050 - Increase Federal Authority - Perkins Incentive - The legislature approved \$225,000 additional federal authority for the workforce development program to expend funds received from a Perkins Incentive Grant (administered by the MT Department of Labor). The project will include developing two-year postsecondary education programs in the health professions field.

Program Legislative Budget

The following table summarizes the legislative budget proposal for the program by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	43,983	0	0	43,983	0	0	43,983	87,966
Transfers	137,255,170	4,234,677	2,325,375	143,815,222	3,964,886	2,569,038	143,789,094	287,604,316
Total Costs	\$137,299,153	\$4,234,677	\$2,325,375	\$143,859,205	\$3,964,886	\$2,569,038	\$143,833,077	\$287,692,282
General Fund	124,198,153	3,064,676	2,272,288	129,535,117	2,500,886	2,530,889	129,229,928	258,765,045
State/Other Special	13,101,000	1,170,001	53,087	14,324,088	1,464,000	38,149	14,603,149	28,927,237
Non Expendable Trust	0	0	0	0	0	0	0	0
Total Funds	\$137,299,153	\$4,234,677	\$2,325,375	\$143,859,205	\$3,964,886	\$2,569,038	\$143,833,077	\$287,692,282

Page Reference

Legislative Budget Analysis, E-121

Funding

The Appropriation Distribution program is the conduit through which state funds are passed through the Office of the Commissioner of Higher Education to the university educational units and the research/public service agencies affiliated with the university units. State funding in this program comes from the following five sources:

1. State general fund;
2. The statewide six-mill property tax levy that is appropriated for the support, maintenance, and improvement of the Montana university system;
3. State special revenue from fees associated with the motorcycle safety-training program located at Montana State University – Northern, located in Havre;
4. State special revenue from the groundwater assessment account, funded by statute from the interest earnings of the resource indemnity trust fund, which funds the groundwater assessment programs at the Bureau of Mines and Geology on the Montana Tech campus, located in Butte; and
5. Nonexpendable trust funds from the resource indemnity trust fund were appropriated by the legislature (via pass through from a state special revenue fund) in the 2007 biennium to provide one-time-only support for the groundwater assessment programs at the Bureau of Mines and Geology (see DP1, DP 2 and DP 3 below).

These funds are appropriated as part of the lump sum and are distributed by the board of regents using their cost of education state allocation formula.

Figure 4 illustrates the 2007 biennium legislative budget for each of the university educational units, the state share of present law funding adjustments to the research/public service agencies, and to specific programs and initiatives of special interest to the legislature.

In addition to state funding, the university units fund operational costs for educating students with revenue from student tuition and interest earnings (collectively these comprise the current unrestricted operating fund). The legislative budget for the FY 2004 base funds an average of 43 percent of the current unrestricted fund for the university educational units with state general fund and six-mill levy revenue. Student tuition funds virtually all of the remaining 57 percent.

Figure 4
Appropriation Distribution Program (09) -- 2007 Biennium Legislative Budget

	FY 2004 Base Year	State Share Present Law FY 2006	New Proposals FY 2006	Legislative Budget FY 2006	State Share Present Law FY 2007	New Proposals FY 2007	Legislative Budget FY 2007	2007 Biennium Total
Educational Units								
UM - Missoula	\$37,818,253			\$37,818,253			\$37,818,253	\$75,636,506
MSU - Bozeman	40,399,419			40,399,419			40,399,419	80,798,838
UM - MT Tech	8,967,311			8,967,311			8,967,311	17,934,622
MSU - Billings	14,306,972			14,306,972			14,306,972	28,613,944
MSU - Northern	6,763,838			6,763,838			6,763,838	13,527,676
UM - Western	4,136,087			4,136,087			4,136,087	8,272,174
Great Falls COT	3,398,184			3,398,184			3,398,184	6,796,368
Helena COT	2,263,794			2,263,794			2,263,794	4,527,588
Resident Enrollment Growth		98,176		98,176	607,936		607,936	706,112
Equalize Base Expenditures (SB 407)		(2,750,000)		(2,750,000)	(2,750,000)		(2,750,000)	(5,500,000)
Statewide Present Law Adjustments		5,691,703		5,691,703	4,687,092		4,687,092	10,378,795
All Other Present Law Adjustments		462,446		462,446	662,916		662,916	1,125,362
Family Practice Residency Program	319,366			319,366			319,366	638,732
Dental Hygiene Program	235,000			235,000			235,000	470,000
Motorcycle Safety Program	200,000	20,000		220,000	20,000		220,000	440,000
MUS Marketing Initiative	43,983			43,983			43,983	87,966
Distance Learning Initiative			300,000	300,000		-	-	300,000
2-Yr. Degree Equipment/Prog. Develop.			1,960,678	1,960,678		2,500,000	2,500,000	4,460,678
Subtotal	\$118,852,207	\$3,522,325	\$2,260,678	\$124,635,210	\$3,227,944	\$2,500,000	\$124,580,151	\$249,215,361
Research/Public Service Agencies								
Agriculture Experiment Station	\$10,079,958	\$231,207	\$0	\$10,311,165	\$241,163	\$0	\$10,321,121	\$20,632,286
Extension Services	4,481,715	325,788	-	4,807,503	348,933	-	4,830,648	9,638,151
Forest Conservation Exp. Station	925,839	45,485	-	971,324	42,892	-	968,731	1,940,055
Bureau of Mines	2,247,899	39,392	64,697	2,351,988	35,479	69,038	2,352,416	4,704,404
Firs Services Training School	511,535	70,480	-	582,015	68,475	-	580,010	1,162,025
AES Biobased Institute	200,000			200,000			200,000	400,000
Subtotal	\$18,446,946	\$712,352	\$64,697	\$19,223,995	\$736,942	\$69,038	\$19,252,926	\$38,476,921
Grand Total Program (09)	\$137,299,153	\$4,234,677	\$2,325,375	\$143,859,205	\$3,964,886	\$2,569,038	\$143,833,077	\$287,692,282

According to the 2007 biennium operating budget for the university system, the level of state funding in the legislative budget for HB2 and for the pay plan (passed and approved as HB 447) represents 40 percent of the current unrestricted operating fund for the university units in the 2007 biennium, representing a 3 percent decrease from base year funding levels. This includes expenditures only for current level, for annual adjustments, and the costs associated with the pay plan. When new programs (the Board of Regents' Investments in Quality) are included in the calculation (\$12.7 million), the state percent of the university unit funding equals 39 percent.

According to the university unit presidents, based upon the legislative budget for HB2, the proposed pay plan (currently HB 447), and including new campus-based initiatives approved by the Board of Regents (Investments in Quality), the university units project that resident student tuition will increase as follows in FY 2006 and FY 2007:

- University of Montana – Missoula: 7.75 percent each year
- Montana State University – Bozeman: 13.64 percent in FY 2006 and 12.0 percent in FY 2007
- Montana Tech – Butte: 12.0 percent each year
- Montana State University – Billings: 7.64 percent in FY 2006 and 7.09 percent in FY 2007
- Montana State University – Northern: 8.35 percent in FY 2006 and 8.43 percent in FY 2007
- Montana Western – Dillon: 7 percent each year
- Great Falls College of Technology: 2.98 percent in FY 2006 and 2.93 percent in FY 2007
- Helena College of Technology: 4 percent each year

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 40 - Statewide Present Law Adjusts - Educational Units									
0.00	5,691,703	0	0	5,691,703	0.00	4,687,092	0	0	4,687,092
DP 41 - Base Year Equalization Adjustment - SB 407									
0.00	(2,750,000)	0	0	(2,750,000)	0.00	(2,750,000)	0	0	(2,750,000)
DP 42 - Increase in O&M for New Space									
0.00	86,097	0	0	86,097	0.00	115,641	0	0	115,641
DP 43 - Increased IT License and Maintenance									
0.00	108,977	0	0	108,977	0.00	189,235	0	0	189,235
DP 44 - Resident Enrollment Growth - MUS Educational Units									
0.00	98,176	0	0	98,176	0.00	607,936	0	0	607,936
DP 45 - Water, Sewer, Elevator and Small Misc.									
0.00	198,917	0	0	198,917	0.00	263,854	0	0	263,854
DP 46 - Statewide Present Law Adjusts - Bureau of Mines									
0.00	29,392	0	0	29,392	0.00	25,479	0	0	25,479
DP 49 - Off Campus Rental Increases - Educational Units									
0.00	68,455	0	0	68,455	0.00	94,186	0	0	94,186
DP 61 - Statewide Present Law Adjusts - Extension Serv.									
0.00	195,626	0	0	195,626	0.00	207,785	0	0	207,785
DP 62 - Statewide Present Law Adjusts - AES									
0.00	192,788	0	0	192,788	0.00	183,933	0	0	183,933
DP 63 - Statewide Present Law Adjusts - FCES									
0.00	45,485	0	0	45,485	0.00	42,892	0	0	42,892
DP 64 - Statewide Present Law Adjusts - FSTS									
0.00	45,389	0	0	45,389	0.00	43,311	0	0	43,311
DP 66 - Increase Overhead Cost for Campus Support									
0.00	92,970	0	0	92,970	0.00	122,112	0	0	122,112
DP 68 - New Space - Fire Service Training School (FSTS)									
0.00	24,256	0	0	24,256	0.00	24,984	0	0	24,984
DP 82 - Extension Service - Payroll Benes & Insur Adjusts									
0.00	86,446	0	0	86,446	0.00	86,446	0	0	86,446
DP 98 - Motorcycle Safety Training Adjust Revenue Estimate									
0.00	0	20,000	0	20,000	0.00	0	20,000	0	20,000
Total Other Present Law Adjustments									
0.00	\$4,214,677	\$20,000	\$0	\$4,234,677	0.00	\$3,944,886	\$20,000	\$0	\$3,964,886
Grand Total All Present Law Adjustments				\$4,234,677					
									\$3,964,886

DP 40 - Statewide Present Law Adjusts - Educational Units - The legislature applied statewide present law adjustments for the educational units in the 2007 biennium, funding the state share of these adjustments at \$10.4 million general fund.

DP 41 - Base Year Equalization Adjustment - SB 407 - The legislature reduced general fund by \$2,750,000 per year to the educational units to equalize state support in the base year. HB 2 from the 2005 biennium provided a \$5.5 million biennial appropriation to the Educational Units contingent on SB 407 (income tax reduction with revenue from limited sales tax), which was all expended in the base year, requiring this base year equalization package in the 2007 biennium.

DP 42 - Increase in O&M for New Space - The legislature added \$202,000 general fund in the 2007 biennium to fund the state share calculation of increased operations and maintenance costs for new space coming online at MSU Northern (an applied technology center classroom/lab building) and at UM-Missoula (chemistry building renovations).

DP 43 - Increased IT License and Maintenance - The legislature added \$298,000 general fund in the 2007 biennium to fund the state share calculation of increased information technology licenses and maintenance costs at MSU-Bozeman, UM-Missoula, MSU-Billings, Montana Tech, UM-Western, and the Helena College of Technology.

DP 44 - Resident Enrollment Growth - MUS Educational Units - The legislature increased general fund by \$706,000 in the 2007 biennium to support projected resident enrollment growth at the university educational units.

DP 45 - Water, Sewer, Elevator and Small Misc. - The legislature added \$463,000 general fund to the 2007 biennium budget as an adjustment to increase the state share for water, sewer, and other small miscellaneous items at the educational units.

DP 46 - Statewide Present Law Adjusts - Bureau of Mines - The legislature applied statewide present law adjustments for the Bureau in the 2007 biennium, funding the state share of these adjustments at \$55,000 general fund.

DP 49 - Off Campus Rental Increases - Educational Units - The legislature added \$163,000 general fund in the 2007 biennium for the state share of increased off campus rental costs at MSU-Bozeman and the Helena College of Technology.

DP 61 - Statewide Present Law Adjusts - Extension Service - The legislature applied statewide present law adjustments for the Extension Service in the 2007 biennium, funding the state share of these adjustments at \$403,000 general fund.

DP 62 - Statewide Present Law Adjusts - AES - The legislature applied statewide present law adjustments for the AES in the 2007 biennium, funding the state share at \$377,000 general fund.

DP 63 - Statewide Present Law Adjusts - FCES - The legislature applied statewide present law adjustments for the FCES in the 2007 biennium, funding the state share of these adjustments at \$88,000 general fund.

DP 64 - Statewide Present Law Adjusts - FSTS - The legislature applied statewide present law adjustments for the fire services training school for the 2007 biennium, adding \$89,000 general fund.

DP 66 - Increase Overhead Cost for Campus Support - The legislature approved adjustment of \$215,082 general fund in the 2007 biennium for the state portion of increased overhead costs allocated from educational units to the research agencies. The biennial amount of the increase is Agriculture Experiment Station \$95,649; Extension Service \$98,418; Fire Services Training School \$1,015; and the Bureau of Mines \$20,000.

DP 68 - New Space - Fire Service Training School (FSTS) - The legislature added \$49,240 general fund in the 2007 biennium to support the state costs for increased rent at the FSTS caused by the move off the Great Falls College of Technology campus.

DP 82 - Extension Service - Payroll Benefits & Insurance Adjusts - The legislature added \$173,000 general fund to the 2007 biennium to fund adjustments to the state share of payroll benefits and medical insurance at the Extension Service.

DP 98 - Motorcycle Safety Training Adjust Revenue Estimate - The legislature added \$40,000 state special revenue in the 2007 biennium to fund the motorcycle safety-training program (located at MSU-Northern in Havre) at the funding level requested by the program director.

New Proposals

New Proposals										
Program	FTE	Fiscal 2006				Fiscal 2007				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Pay Plan Adjustment for Bureau of Mines - OTO										
09	0.00	0	15,248	0	15,248	0.00	0	19,589	0	19,589
DP 2 - Travel and Field Activity - OTO										
09	0.00	0	16,449	0	16,449	0.00	0	16,449	0	16,449
DP 3 - Purchase of Water-level Recorder Equipment - OTO										
09	0.00	0	33,000	0	33,000	0.00	0	33,000	0	33,000
DP 78 - Equipment/Program Development - 2 Yr Programs-OTO										
09	0.00	1,960,678	0	0	1,960,678	0.00	2,500,000	0	0	2,500,000
DP 200 - Class 8 Threshold (Bus. Tax Exp.) to \$20k from \$5K										
09	0.00	11,610	(11,610)	0	0	0.00	30,889	(30,889)	0	0
DP 1011 - Distance Learning Initiative - OTO										
09	0.00	300,000	0	0	300,000	0.00	0	0	0	0
Total	0.00	\$2,272,288	\$53,087	\$0	\$2,325,375	0.00	\$2,530,889	\$38,149	\$0	\$2,569,038

DP 1 - Pay Plan Adjustment for Bureau of Mines - OTO - The legislature approved \$34,837 one-time-only funding for the Bureau of Mines from the Resource Indemnity Trust Fund (representing a portion of the surplus funds reverted to the RIT Fund from the bureau account) in the 2007 biennium to support pay plan adjustments for staff in the groundwater assessment program. These funds will be transferred from the trust fund into a state special revenue account to accommodate this appropriation.

DP 2 - Travel and Field Activity - OTO - The legislature approved \$32,898 one-time-only funding to the Bureau of Mines from the Resource Indemnity Trust Fund (representing a portion of the surplus funds reverted to the RIT Fund from the bureau account) in the 2007 biennium to support increases in travel costs by groundwater assessment and monitor staff. These funds will be transferred from the trust fund into a state special revenue account to accommodate this appropriation.

DP 3 - Purchase of Water-level Recorder Equipment - OTO - The legislature approved \$66,000 one-time-only funding to the Bureau of Mines from the Resource Indemnity Trust Fund (representing a portion of the surplus funds reverted to the RIT Fund from the bureau account) in the 2007 biennium to support the purchase of equipment for the water-level recorders in the groundwater assessment program. These funds will be transferred from the trust fund into a state special revenue account to accommodate this appropriation.

DP 78 - Equipment/Program Development - 2 Yr Programs-OTO - The legislature added a restricted, biennial, one-time-only appropriation of \$4.46 million general fund in the 2007 biennium to fund the purchase and update of equipment and program development for two-year degree programs that is to be distributed in two blocks as follows: (1) \$1.4 million must be allocated equally (\$200,000 per unit) to the seven university units' 2-year degree programs to be used for either program development or equipment acquisition; and (2) \$3.06 million must be distributed entirely by a competitive grant process administered by the Office of the Commissioner of Higher Education. These equipment grants will be available to both the seven university units' 2-year degree programs and the three community colleges (Dawson, Miles, and Flathead Valley). The equipment portion of this appropriation must be matched from non-state funds identified by the Board of Regents.

DP 200 - Class 8 Threshold (Bus. Tax Exp.) to \$20k from \$5K - The legislature approved \$42,499 general fund to backfill the six-mill revenue reduction that would result in legislative approval of the bill to increase the business property tax exemption from \$5,000 to \$20,000. This appropriation is contingent upon approval of that tax exemption increase legislation, SB 284.

DP 1011 - Distance Learning Initiative - OTO - The legislature approved \$300,000 general fund in the 2007 biennium to support the development and implementation of a statewide distance learning plan across the university system and partnering with education providers at all levels. This was approved as a biennial, one-time-only appropriation.

Language

The legislature approved the following language for inclusion in HB2:

"Revenue anticipated to be received by the Montana university system units and colleges of technology includes:

1. interest earnings of \$791,274 each year of the 2007 biennium; and
2. other revenue of \$1,301,198 each year of the 2007 biennium.

These amounts are appropriated for current unrestricted operating expenses as a biennial lump-sum appropriation and are in addition to the funds shown in OCHE -- Appropriation Distribution Transfers."

"The general fund and millage appropriation in OCHE -- Appropriation Distribution Transfers is calculated to fund education in the 4-year units and the colleges of technology for an estimated 26,918 resident student FTE students in fiscal year 2006 and 27,188 resident students in fiscal year 2007. If actual resident student enrollment is greater than the estimated number for the biennium, the university system shall serve the additional students without a state general fund contribution. If actual resident enrollment is less the estimated number for the biennium, the commissioner of higher education shall revert general fund money to the state in accordance with 17-7-142."

"Total audit costs are estimated to be \$544,376 for the university system educational units, other than the office of the commissioner of higher education. Each unit shall pay a percentage of these costs from funds other than those appropriated in OCHE -- Appropriation Distribution Transfers."

"OCHE -- Appropriation Distribution Transfers includes \$817,960 for the 2007 biennium that must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvements through the state energy conservation program. The costs of this transfer in each year of the biennium are: university of Montana-Missoula, \$126,400 in fiscal year 2006 and \$88,800 in fiscal year 2007; Montana tech of the university of Montana, \$28,000 in fiscal year 2006; Montana state university-northern, \$101,000 in fiscal year 2006 and \$67,000 in fiscal year 2007; Montana state university-Bozeman \$58,000 in fiscal year 2006; Montana state university-Billings, \$133,500 in fiscal year 2006 and \$105,500 in fiscal year 2007; and western Montana college of the university of Montana, \$12,410 in fiscal year 2006 and \$11,350 in fiscal year 2007."

"The Montana university system shall pay \$88,506 for the 2007 biennium in current funds in support of the Montana natural resource information system (NRIS) located at the Montana state library. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated."

"Revenue anticipated to be received by the agricultural experiment station includes:

1. interest earnings and other revenue of \$60,308 each year of the 2007 biennium;
2. federal revenue of \$1,992,807 in fiscal year 2006 and \$1,992,807 in fiscal year 2007; and
3. sales revenue of \$1 million in fiscal year 2006 and \$1 million in fiscal year 2007."

"Revenue anticipated to be received by the extension service includes:

1. interest earnings of \$5,034 each year of the 2007 biennium; and
2. federal revenue of \$2,254,555 in fiscal year 2006 and \$2,254,555 in fiscal year 2007."

"Anticipated interest revenue of \$1,070 in each year of the 2007 biennium is appropriated to the forestry and conservation experiment station for current unrestricted operating expenses. This amount is in addition to that shown in OCHE -- Appropriation Distribution Transfers."

“Anticipated sales revenue of \$35,700 each year of the 2007 biennium is appropriated to the bureau of mines and geology for current unrestricted operating expenses. This amount is in addition to that shown in OCHE -- Appropriation Distribution Transfers.”

“Anticipated interest revenue of \$943 each year of the 2007 biennium is appropriated to the fire services training school for current unrestricted operating expenses. This amount is in addition to that shown in OCHE -- Appropriation Distribution Transfers.”

“The appropriation for Equipment/Program Development 2-Yr Degree Programs is a restricted, biennial, one-time-only (OTO) appropriation that is to be distributed in two blocks as follows:

1. \$1.4 million must be allocated equally (\$200,000 per unit) to the seven university units’ 2-year degree programs to be used for either program development or equipment acquisition; and
2. \$3,060,678 must be distributed entirely by a competitive grant process administered by the office of the commissioner of higher education. These equipment grants must be available to both the seven university units’ 2-year degree programs and the three community colleges (Dawson, Miles, and Flathead Valley).”

“The \$3,060,678 general fund appropriation for equipment in Equipment/Program Development 2-Yr Degree Programs must be matched from nonstate funds identified by the board of regents. The grant process for distributing these funds, administered by the office of the commissioner of higher education, must give scoring priority to grants that include matching funds. Matching funds may include federal funding revenue, private funding revenue, and other nonstate university funds. The funding match may include in-kind revenue only if that revenue is equipment itself, cost reductions offered for purchased equipment, or space to house equipment. The office of the commissioner of higher education shall certify to the office of budget and program planning that an allowable funding match has been committed from an eligible revenue source, as evidenced by a commitment letter from that funding source.”

“Class 8 Threshold - Business Tax Exemption funding is contingent upon passage and approval of Senate Bill No. 284.”

"Funding for OCHE -- Appropriation Distribution Transfers is increased by \$11,610 in state special revenue in fiscal year 2006 and by \$30,889 in state special revenue in fiscal year 2007 if Senate Bill No. 284 is not passed and approved."

"At the beginning of fiscal year 2006, \$133,735 of the amount in excess of \$100 million is transferred from the resource indemnity tax trust to the state special revenue fund for the Bureau Ground Water Program."

Program Legislative Budget

The following table summarizes the legislative budget proposal for the program by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grants	0	96,500	1,803,500	1,900,000	0	1,000,000	1,000,000	2,900,000
Total Costs	\$0	\$96,500	\$1,803,500	\$1,900,000	\$0	\$1,000,000	\$1,000,000	\$2,900,000
General Fund	0	96,500	1,803,500	1,900,000	0	1,000,000	1,000,000	2,900,000
Total Funds	\$0	\$96,500	\$1,803,500	\$1,900,000	\$0	\$1,000,000	\$1,000,000	\$2,900,000

Page Reference

Legislative Budget Analysis, E-150

Funding

Funding for the Tribal College Assistance Program is entirely general fund.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
FTE	-----Fiscal 2006-----				FTE	-----Fiscal 2007-----			
	General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 28 - Reestab. Non-beneficiary Student Base Approp.	0.00	96,500	0	0	96,500	0.00	0	0	0
Total Other Present Law Adjustments	0.00	\$96,500	\$0	\$0	\$96,500	0.00	\$0	\$0	\$0
Grand Total All Present Law Adjustments				\$96,500					\$0

DP 28 - Reestab. Non-beneficiary Student Base Approp. - The legislature reestablished the 2005 biennium base appropriation for state support for resident non-beneficiary students at tribal community colleges. The \$96,500 biennial appropriation was expended in fiscal 2005 and therefore not included in the 2007 biennium expenditure base (FY 2004).

New Proposals

New Proposals										
-----Fiscal 2006-----						-----Fiscal 2007-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 103 - Increase Non-Beneficiary Student Assistance										
11	0.00	303,500		0	0	303,500	0.00	0	0	0
DP 104 - Enhancing Tribal Colleges Programs - OTO										
11	0.00	1,000,000		0	0	1,000,000	0.00	1,000,000	0	0
DP 1002 - Special Non-Beneficiary Student Assistance - OTO										
11	0.00	500,000		0	0	500,000	0.00	0	0	0
Total	0.00	\$1,803,500		\$0	\$0	\$1,803,500*	0.00	\$1,000,000	\$0	\$0
										\$1,000,000*

DP 103 - Increase Non-Beneficiary Student Assistance - The legislature increased tribal college assistance \$303,500 over the biennium to support resident non-beneficiary students who attend any of the seven tribal community colleges in Montana, in accordance with 20-25-428 MCA.

DP 104 - Enhancing Tribal Colleges Programs - OTO - The legislature approved \$2.0 million in the 2007 biennium to support tribal colleges, specifically for equipment needs and to support each college to detail tribal history for use by the State of Montana in meeting the constitutional and statutory obligations related to the Indian Education for All program in K-12 education. This appropriation is to be distributed equally among the seven tribal colleges. The legislature approved this as a biennial, one-time-only (OTO) appropriation.

DP 1002 - Special Non-Beneficiary Student Assistance - OTO - The legislature approved \$500,000 general fund in the 2007 biennium as a special increase for non-beneficiary student assistance to the tribal colleges, in accordance with 20-25-428, MCA. The legislature approved this as a biennial, one-time-only appropriation.

Language

"Enhancing Tribal College Programs includes a requirement that the tribal colleges, through the commissioner of higher education, submit a report to the legislative finance committee by November 1, 2006 on the use of these funds and the status of the equipment and tribal history requirement as part of Indian education for all."

Program Legislative Budget

The following table summarizes the legislative budget proposal for the program by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	49.20	0.00	8.00	57.20	0.00	8.00	57.20	57.20
Personal Services	1,931,167	(78,012)	310,741	2,163,896	(77,021)	310,014	2,164,160	4,328,056
Operating Expenses	3,113,126	51,642	500,000	3,664,768	61,934	500,000	3,675,060	7,339,828
Equipment	0	0	0	0	0	0	0	0
Benefits & Claims	19,921,785	8,936,000	0	28,857,785	11,170,000	0	31,091,785	59,949,570
Transfers	72,550	0	0	72,550	0	0	72,550	145,100
Total Costs	\$25,038,628	\$8,909,630	\$810,741	\$34,758,999	\$11,154,913	\$810,014	\$37,003,555	\$71,762,554
Federal Special	25,038,628	8,909,630	810,741	34,758,999	11,154,913	810,014	37,003,555	71,762,554
Total Funds	\$25,038,628	\$8,909,630	\$810,741	\$34,758,999	\$11,154,913	\$810,014	\$37,003,555	\$71,762,554

Page Reference

Legislative Budget Analysis, E-152

Funding

Funding for the Guaranteed Student Loan Program (GSL) is from a combination of federal and private revenues from the loan guarantee and collections services provided.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				(797)					238
Vacancy Savings				(77,215)					(77,259)
Inflation/Deflation				(665)					(408)
Fixed Costs				52,307					62,342
Total Statewide Present Law Adjustments				(\$26,370)					(\$15,087)
DP 9 - GSL Increased Claim Payments	0.00	0	0	8,000,000	8,000,000	0.00	0	0	10,000,000
DP 10 - GSL Collection Recoveries	0.00	0	0	936,000	936,000	0.00	0	0	1,170,000
Total Other Present Law Adjustments	0.00	\$0	\$0	\$8,936,000	\$8,936,000	0.00	\$0	\$0	\$11,170,000
Grand Total All Present Law Adjustments				\$8,909,630					\$11,154,913

DP 9 - GSL Increased Claim Payments - The legislature approved an additional \$18 million in federal authority in the 2007 biennium to fund claim payments that are made to private lenders as the Guaranteed Student Loan (GSL) program purchases defaulted student loans in their capacity as student loan guarantor and default loan collector.

DP 10 - GSL Collection Recoveries - The legislature approved an additional \$2.1 million in federal authority in the 2007 biennium to fund the anticipated increase in claim payments that are required by law to be paid to the US Department of Education as their share of the default loan collection recoveries received by the Guaranteed Student Loan (GSL) program from defaulted student loans.

New Proposals

New Proposals										
Program	FTE	Fiscal 2006				Fiscal 2007				Total Funds
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	
DP 11 - GSL Default Reduction and Outreach										
12	0.00	0	0	500,000	500,000	0.00	0	0	500,000	500,000
DP 12 - Add 8.00 FTE to GSL										
12	8.00	0	0	310,741	310,741	8.00	0	0	310,014	310,014
Total	8.00	\$0	\$0	\$810,741	\$810,741*	8.00	\$0	\$0	\$810,014	\$810,014*

DP 11 - GSL Default Reduction and Outreach - The legislature approved a \$1 million increase of federal authority for the Montana Guaranteed Student Loan program (GSL) to conduct targeted outreach and default reduction program activities.

DP 12 - Add 8.00 FTE to GSL - The legislature approved the addition of 8.00 FTE to the Guaranteed Student Loan program (GSL) at a cost of \$0.62 million of federal funding in the 2007 biennium. The new positions will be needed to handle the loan volume growth due to Montana State University rejoining the guaranteed student loan system (MSU had been participating in the National Direct Student Loan [NDSL] program since 1994).

Program Legislative Budget

The following table summarizes the legislative budget proposal for the program by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	7,200	0	0	7,200	0	0	7,200	14,400
Operating Expenses	27,285	10,000	0	37,285	10,000	0	37,285	74,570
Total Costs	\$34,485	\$10,000	\$0	\$44,485	\$10,000	\$0	\$44,485	\$88,970
General Fund	34,485	10,000	0	44,485	10,000	0	44,485	88,970
Total Funds	\$34,485	\$10,000	\$0	\$44,485	\$10,000	\$0	\$44,485	\$88,970

Page Reference

Legislative Budget Analysis, E-155

Funding

Funding for the Board of Regents administration program is entirely general fund.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments											
-----Fiscal 2006-----						-----Fiscal 2007-----					
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services					(7,200)						(7,200)
Total Statewide Present Law Adjustments					(\$7,200)						(\$7,200)
DP 14 - Restore Regents Budget to FY04 authorized levels											
	0.00	10,000	0	0	10,000	0.00	10,000	0	0	10,000	
DP 15 - Restore Base - Board of Regents Per Diem											
	0.00	7,200	0	0	7,200	0.00	7,200	0	0	7,200	
Total Other Present Law Adjustments											
	0.00	\$17,200	\$0	\$0	\$17,200	0.00	\$17,200	\$0	\$0	\$17,200	
Grand Total All Present Law Adjustments					\$10,000						\$10,000

DP 14 - Restore Regents Budget to FY04 authorized levels - The legislature approved an increase of \$20,000 general fund in the 2007 biennium to restore funding to the FY 2004 authorized level.

DP 15 - Restore Base - Board of Regents Per Diem - The legislature restored the \$50 per diem paid to regents to serve on the board, adjusting this expenditure to the actual FY 2004 base year level. Per diem expenditures are zero-based so that restoring base funding is required each biennium.